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#### Survey 1: Korea`s youth lack ethics

##### viewing corruption as an acceptable survival tactic

TI Korea polled 1,005 students from 10 middle and high schools in Seoul Dec. 10-21. Some of the findings of the survey was very shocking: Some 90% of Korean youth consider Korea to be a "corrupt country," and of them, 51.6 percent described the level of corruption as being ``very serious." About 70 percent of the Korean youth forecast the country would rank between the first and 20th on a list of 100 most corrupt nations of the world, with no prospects of improvement even when they become adults. Only 9.2 percent were optimistic about the prospect of a less corrupt society. A considerable

<Question> The Korean society is corrupt (%)				
Strongly agree	agree	neutral	disagree	Strongly disagree
51.6%	38.9%	8.1%	1.1%	.3%

number of them wouldn't mind jumping on the bandwagon if given the chance. It means that many would follow their elders' examples, viewing corruption as an acceptable survival tactic. Kim Chong-su, who coordinated the survey, said ``most alarming was the fact that the teenagers themselves have critically lax morality against corruption".

##### When you break the law you are not punished

Of the middle and high school students that participated, asked why they think corruption such as bribery persists in Korean society, 64 percent cited inadequate punishment, followed by 29.9 percent who attributed it to the perception that a person stands to suffer by obeying the law.

Some 41% say they don't feel they need to obey the law when no one's looking, and 33% say that even if they were to witness corrupt activity, they would pretend they'd never known as long as the activity didn't harm them directly. As many as 28% even said that if giving a bribe were the means to an otherwise unobtainable position, they would gladly use a bribe.

<Question> Don't feel they need to obey the law when no one's looking (%)				
Strongly agree	agree	neutral	disagree	Strongly disagree
7.4%	33.9%	22.2%	20.0%	16.5%

Sixteen percent of respondents said they would be willing to engage in corruption and spend ten years in prison in exchange for one billion won,

<Question> Willing to engage in corruption and spend ten years in prison in exchange for one billion won (%)				
Strongly agree	agree	neutral	disagree	Strongly disagree
7.9%	8.8%	13.9%	19.8%	49.7%

while 22.7 percent said they would overlook corruption on the part of their families or relatives.

<Question> I would overlook corruption on the part of my families or relatives (%)				
Strongly agree	agree	neutral	disagree	Strongly disagree
7.4%	15.3%	22.7%	26.8%	27.8%

<Question> even if I were to witness corrupt activity, I would pretend I would never know as long as the activity didn't harm me directly (%)				
Strongly agree	agree	neutral	disagree	Strongly disagree
11.9%	21.1%	27.0%	21.3%	18.6%

**Politicians, Supposed the most corrupt social group**

Students considered politicians the most corrupt social group, with 33 percent of respondents identifying them as such. Corporations were in second place (12 percent), followed by public servants (11 percent), lawyers (9 percent), media personnel (9 percent), and police (7 percent).

<Question> the most corrupt social group		
group	ranks(%)	ranks
Politician	33%	1
Business sector	12%	2
Public official	11%	3
judicial circles	9%	4
press	8%	5

**High tolerance for their own (corrupt) actions**

"While teenagers appear to be critical of corruption in their society, they also show a high tolerance for their own (corrupt) actions. This reveals a serious lack of systematic anti-corruption education for teenage students", Kim said. ■

**Survey 2: Korea`s venture companies lack ethics**

In this month, TI Korea conducted survey on 17 reporters covering the securities market for daily newspapers and 42 employees at security corporations, asking for their takes on the transparency and ethics of venture businesses.

**Why venture companies?**

Why TI Korea conducted this survey is related recent corruption scandals. Since the Asian financial crisis in late 1997, venture businesses have been praised as a de facto alternative to rebound the economy. Since its inauguration, the Kim Dae-jung administration has focused on nurturing those high-tech businesses.

However, the government is coming under mounting criticism over the scandals connected with venture businessmen, top intelligence and presidential officials, causing an array of arrests or resignations.

In the face of low ethical standards, transparency in venture companies, many experts compare them with 'Chaebol' in fifties and sixties which were at that time very accustomed to amassing property by illegal means.

At the beginnings of the 'venture boom' in nineties the CEOs of venture companies were regarded as 'clean', but this naïve expectation was betrayed recently by a series of grand corruption scandals of venture companies. Originally this survey on ethics codes of venture business was planned for the CEOs of 30 largest venture companies, but their uncooperativeness forced TI Korea to take another course. As alternative to the survey on the CEOs of 30 largest venture companies, TI Korea chose reporters covering the securities market for daily newspapers and employees at security corporations as sample of this survey.

"The survey, though very small-scale, reflects the current state of venture companies' transparency because all respondents were deeply familiar with the venture business field," said Seong Eun-mi from Transparency International Korea.

## The findings

The survey assigned points to each answer, which included "strongly agree," 10 points, "agree," 7.5 points, "neutral," five points, "disagree," 2.5 points and "strongly disagree," zero points. After calculations, the average venture business recorded a low transparency rating of 4.5, the officials said.

When asked whether venture businesses had a stronger sense of ethics than large corporations, 44.1 percent said no. About 9 percent strongly disagreed with the statement, while 10.2 percent agreed that venture businesses were more ethical.

<Question> whether venture businesses has a stronger sense of ethics than large corporations (%)				
Strongly agree	agree	neutral	disagree	Strongly disagree
1.7%	8.5%	37.3%	44.1%	8.5%

About 66 percent of respondents agreed that venture businesses provided and distributed erroneous information in business reports, while 15.3 percent said they strongly agreed. Only 6.8 percent said they did not.

<Question> venture businesses provided and distributed erroneous information in business reports (%)				
Strongly agree	agree	neutral	disagree	Strongly disagree
15.3%	66.1%	11.9%	5.1%	1.7%

A statement suggesting ventures provide illegal political funds or contributions drew agreement from 43.1 percent of respondents, who said it was either true or very true, the survey showed

<Question> ventures provide illegal political funds or contributions (%)				
Strongly agree	agree	neutral	disagree	Strongly disagree
6.9%	36.2%	36.2%	19.0%	1.7%

Another 48.2 percent agreed that venture companies take advantage of rival companies' weak points, or

misstate their profits, it said.

<Question> venture companies take advantage of rival companies' weak points, or misstate their profits (%)			
Strongly agree	agree	neutral	disagree
3.4%	44.8%	44.8%	6.9%

Around 40 percent said venture businesses engage in corrupt activities such as manipulating stock prices, while 51 percent saw a problem in the way venture companies attract their capital.

<Question> venture businesses engage in corrupt activities such as manipulating stock prices (%)			
Strongly agree	agree	neutral	disagree
8.6%	31.0%	50.0%	10.3%

<Question> the way venture companies attract their capital has problem (%)			
Strongly agree	agree	neutral	disagree
15.5%	36.2%	31.0%	17.2%

Another 60.3 percent of respondents said companies' invested funds are occasionally used for personal purposes, while 66.1 percent said the government's policy on venture companies should be redrawn in such a way as to increase levels of transparency.

<Question> companies' invested funds are only used for public purposes (%)			
agree	neutral	disagree	strongly disagree
5.2%	34.5%	50.0%	10.3%

<Question> the government's policy on venture companies should be redrawn in such a way as to increase levels of transparency (%)			
Strongly agree	agree	neutral	disagree
27.1%	39.0%	25.4%	8.5%

"What we need is a strategic system that objectively adjudicates whether the investment money was used for its original purpose, and to adopt such developed business administration tactics as securing transparency and diversifying businesses' open markets," added Seong Eun-mi. ■

### Corruption/Anti-Corruption News in Korea (2001)

#### Best 3 Anti-corruption News were:

##### 1) Establishment of anti-corruption law

The anti corruption law will be implemented in January 2002. The legislation rules that those supplying information against corrupt officials will receive up to W200 million and a guarantee of secrecy of identity. This is more than the reward for reporting spies (W150 million) and tax evasion (W100 million).

Also the Board of Audit and Inspections will investigate public companies if it receives a petition with 500 signatures.

##### 2) Newspapers and several news agency proprietors accused of tax evasion

Prosecutors began a criminal investigation into six major newspapers and several news agency proprietors accused of tax evasion. Tax authorities officially sent the cases to the Seoul District Public Prosecutor's Office, accusing the media firms and their founding families and executives of tax evasion. The prosecutor said. the investigation will focus on revealing the tax-related irregularities of the owners of three newspapers, and tax evasion by the six newspaper firms. The six dailies facing the tax-evasion probes are the Chosun, Dong-Ah, Kukmin, JoongAng, Hankook and Korea Daily News. The owners of the Chosun, Dong-Ah and Kukmin Daily News are also facing probes.

In addition to the tax evasion charges, prosecutors said they would also look into other charges against some newspapers and their owners, including the misappropriation of public funds and the flight of foreign currency.

##### 3-1) The expansion of electronic procurement in the local autonomy

##### 3-2) FKI (Federation of Korean Industries) to set up ethics committee

The committee will comprise ethics-related executives of leading domestic corporations, including the top-30 groups, explaining that it will strive to improve accounting transparency and governance structures.

#### Worst 3 Corruption News were:

##### 1) The so called '4 gates' corruption scandals

The corruption scandals '4 gates' showed renewed connection between politicians, venture companies and financial bodies.

##### 2-1) Misuse and Insolvency of public funds

##### 2-2) protest of the accused owners because of tax evasion against the prosecutor and government

##### 3-1) the corruption of superintendent of education of Kyeonggi and Chonnam district

##### 3-2) fraud in the selection of the contractor for developing unused land around the Incheon Airport ■

#### Impressum

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